

MINUTES

KANSAS BUSINESS HEALTH POLICY COMMITTEE

December 14, 2004

**Kansas Insurance Department
Topeka, Kansas**

MEMBERS PRESENT:

Insurance Commissioner Sandy Praeger
Pat Kaufman, Vice-Chair, Shawnee Mission
Howard Fricke, Kansas Department of Commerce
Representative Sue Storm, Shawnee Mission
John Naramore, Lawrence
Representative Willa DeCastro, Wichita
Scott Brunner, SRS, for Janet Schalansky

MEMBERS ABSENT:

Senator Ruth Teichman, Stafford

OTHERS PRESENT:

Andrew Allison, Kansas Health Institute
Karen Braman, Governor's Office of Health Planning and Finance
Bob Day, Director, Governor's Office of Health Planning and Finance
Wendy Dressler, Governor's Office of Health Planning and Finance
Matt Jordan, Kansas Department of Commerce
Barbara Langner, University of Kansas
John Moore, Lt. Governor
Tom Steiner, Mercer Consulting
Barbara Torkelson, Kansas Insurance Department

**Kansas Business Health Policy Committee
December 14, 2004
11:00AM – 3:00PM, Kansas Insurance Department**

Commissioner Praeger welcomed members of the Committee and guests.

November 18, 2004 minutes were reviewed and approved.

Bob Day, Governor's Office of Health Planning and Finance, led a discussion on the cost of a health benefit per individual/family per month. The premium cost for single coverage is approximately \$300/month and \$900/month for family coverage but that does not indicate the total cost which includes the deductible and co-insurance paid by the enrollee. The total cost, if a consumer uses healthcare, is about \$500/month.

The Committee was shown the Healthy Kansas Rx website. The website address is www.healthykansas.org. The main goal of the website is to educate people about prescription drug resources that are available, generics, and other information including drug safety and reducing drug costs.

Tom Steiner, Mercer, gave a presentation to the Committee on health benefit plan design options. Mr. Steiner stated the annual premiums for the benefit plan are estimated at \$3,600 for individual and \$10,800 for family coverage for the proposed small group product. The annual cost for each benefit plan including the out-of-pocket maximum, deductible and co-insurance is approximately \$5,000 for individual and \$16,000 for family coverage. Key assumptions used when Mercer priced the plan include: 1) population enrolling are employer groups with 2-50 employees, 2) no risk selection factors (both the sick and healthy will enroll) built into the rates, and 3) uninsured demographic mix is consistent with sample in Kansas Health Insurance Study. Under this legislation the Committee can offer a product without mandates. There are certain mandated coverages which include: mental health, mammograms, immunizations, pap smear, etc. Should two products be offered; one with mandates and one without so both products can be tested to see which one more employers choose? Mercer will price both products and provide estimated costs for both.

The Committee discussed possibly including preventive care services at 100% coverage. Preventive care includes but is not limited to: immunizations, Well Child Care, standard screening tests performed as a part of the physical exam, lab/x-rays associated with preventive visits and some office visits (roughly 15% of all primary care physician office visits). PCP office visits are a separate line item, subject to a \$15 copay and include sick care, family planning, diagnostic testing, allergy testing and injections.

There was discussion about what kind of tier program (3-tier, 4-tier, etc.) to offer. An example of a 3-tier program is: employee, employee + 1, or employee + family.

A suggestion was made to have one pool and preventive care services covered at 100% and then take a look at the plan design and see what subsidies might be available.

The Committee needs to decide what the benefit design is going to be, how much it is going to cost, and how much to subsidize by the first week of February. Key timelines for the Committee regarding the benefit package are:

December 2004/January 2005

- Jon Gruber begins economic modeling
- February 2005

- Review subsidy modeling results
- Modify benefit design, if necessary

March 2005

- Decision on structuring risk (stop loss, number of health plans)

A request was made that Bill Kostar, Business Health Partnership, give an update to the Committee at the next meeting.

Next Meeting:

Friday, February 18th, 1:00PM – 3:00PM in the 3rd floor conference room of the Kansas Insurance Department (420 SW 9th Street, Topeka, KS).

You may also check out our website at

http://www.ksgovernor.org/healthPlanning/workgroups_hp.html for scheduled meeting dates, times, and locations as well as past meeting agendas, minutes, presentations and handouts.